REMARKS

Claims 1-19, 43-47 and 57-76 are currently pending in the subject application and are presently under consideration. Claims 1, 43, and 46 have been amended herein to correct minor informalities. Claims 70-76 have been newly added to emphasize various novel aspects of the subject invention, support for which can be found at least at page 30 of applicants' disclosure. A complete listing of the claims showing changes made can be found at pages 2-7 of this Reply. Favorable reconsideration of the subject patent application is respectfully requested in view of the comments and amendments herein.

I. Rejection of Claims 1-19, 43-47 and 57-69 Under 35 U.S.C. §103(a)

Claims 1-19, 43-47 and 57-69 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Pallakoff (US 6,269,343), in view of Shavit, *et al.* (US 4,799,156, hereinafter referred to as "Shavit"). It is respectfully requested that the rejection be withdrawn for at least the following reasons. The cited reference fails to teach or suggest each and every feature of the subject invention as claimed.

> To reject claims in an application under §103, an examiner must establish a *prima facie* case of obviousness. A *prima facie* case of obviousness is established by a showing of three basic criteria. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. ***Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations***. *See* MPEP §706.02(j). (Emphasis added). The teaching or suggestion to make the claimed combination and the reasonable expectation of success ***must both be found in the prior art*** and not based on applicant's disclosure. *See In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). (Emphasis added).

The claimed subject matter relates to a system that facilitates volume pricing. More specifically, the system can aggregate orders for a product as well as aggregating shipping for the orders. In particular, independent claims 1 (and similarly independent claim 43) recites, "an offers and orders component that receives and aggregates orders for a product from a plurality of buyers; and ***a logistics component that determines a shipping price for the product*** for a subset

of the plurality of buyers, the ***shipping price being determined based at least in part upon the subset of buyers sharing a shipping method.***" The references, alone or when combined, do not teach or suggest these novel features.

Rather, Pallakoff relates to electronic commerce and more particularly marketing products and services utilizing the Internet. Nowhere does Pallakoff disclose or suggest ***a logistics component that determines a shipping price for the product*** ... the ***shipping price being determined based at least in part upon the subset of buyers sharing a shipping method*** as set forth in the subject claims. Instead, Pallakoff discloses aggregating demand and providing demand based pricing. (*See* col. 1, ll. 53-55). Although Pallakoff discloses a shipping charge can be applied to a buyer's credit card (*see* col. 8, ll. 41-47), the reference is silent regarding and offers and orders component structurally interrelated with ***a logistics component that determines a shipping price***. Moreover, a shipping charge in Pallakoff is materially distinct from a shipping price of the subject claims because Pallakoff does not teach or suggest the shipping charge is ***determined based at least in part upon the subset of buyers sharing a shipping method.***

At page 3 of the Office Action (dated March 10, 2006), the Examiner concedes these deficiencies, but incorrectly contends that Shavit and/or a "delivery lunch" hypothetical may remedy the deficiencies with respect to Pallakoff. Applicant's representative disagrees. Regarding Shavit, the reference relates to a system for interactive online electronic communications and processing of business transactions between independent users. Specifically, Shavit discloses that *a supplier* who has scheduled a shipment of less than a truckload on a particular route, *may advertise* the available space on the system in order to share freight costs. (*See* col. 17, ll. 17-21). Hence, Shavit fails to teach or suggest ***a logistics component that determines a shipping price for the product*** ... the ***shipping price being determined based at least in part upon the subset of buyers sharing a shipping method*** in at least three distinct ways.

First, Shavit discloses that freight costs can be shared, but nowhere teaches a logistics component that *determines a shipping price for the product*. That is, Shavit alludes to the concept of sharing freight costs, concurrent arrangement of shipping (*see* col. 11, ll. 14-18), as well as reservation and control of freight services (*see* col. 14, ll. 31-33), but makes no determination of the freight costs for a product. Second, Shavit expressly indicates ***suppliers*** sharing freight costs, whereas the instant claims recite ***buyers*** sharing a shipping method. Third,

Shavit discloses that in order to effectuate freight costs sharing, a supplier ***may advertise*** the available space. In particular, a bulletin board component that supports *advertising* available space in order to share freight costs is materially distinct from *a logistics component that determines a shipping price ... based at least in part upon the subset of buyers sharing a shipping method.*

Furthermore, the "delivery lunch" hypothetic introduced by the Examiner at page 3 of the Office Action is materially deficient to read upon the instant claims. The Examiner analogizes a situation in which a Chinese restaurant receives a single order containing many different courses for employees in the same office. The Examiner suggests, in that situation, the shipping/delivery price would be cheaper than if each of the employees placed individual/independent orders. It is readily apparent that the "delivery lunch" sets forth a concept of sharing freight costs, much like Shavit, however, the mere concept of sharing freight costs is insufficient to render obvious the subject claims. In particular, the concept of sharing freight costs does not teach or suggest the structure of the subject claims such as *a logistics component* that determines a shipping price for the product, *e.g.*, from orders for the product received and aggregated by an offers and orders component.

In addition to the above, the Examiner's analysis also fails with regard to Shavit and "delivery lunch" because the Examiner is not considering the claim as a whole. Rather, the Examiner expressly argues that "sharing freight/shipping costs" (*see* Office Action, pg. 3, ln. 5) is sufficient to remedy the deficiencies with respect to Pallakoff because the claimed subject matter "is merely a system to calculate a lowest price for customers including shipping prices determinations" (*see* Office Action, pg. 3, ll. 19-20). Hence, the Examiner is treating the logistics component as nothing more than a calculator and also considers this feature in a vacuum, absent the features recited elsewhere in the claim. In particular, the Examiner fails to appreciate that an offers and orders component receives and aggregates orders for a product from a plurality of buyers, and, inherently that a shipping method for the plurality of buyers has been determined. By isolating these features and addressing them only in a piecemeal fashion, the Examiner effectively ignores novel aspects. Rather than appreciating that orders for a product are aggregated in connection with the determination of a shipping price for the product...based at least in part upon the subset of buyers sharing a shipping method, the Examiner seeks only to show that orders can be aggregated (Pallakoff) and, entirely independently, that freight costs can

be shared (Shavit or "delivery lunch"). Absent from the Examiner's analysis are the inherent determination of the shipping method for the plurality of buyers, the inherent determination that a subset of buyers are sharing a shipping method, and a determination of the shipping price for a subset of buyers from aggregate orders. These aspects are simply overlooked and ignored by presuming that the logistics component is merely a calculator of shipping prices from point A to point B. That is, the Examiner presumes all that needs to be done is to calculate a shipping price (even though none of the references actually disclose this aspect) because the Examiner takes it as a given that the shipping method is always the same (*e.g.*, the "delivery lunch" example) with respect to the buyers.

Moreover, "delivery lunch" is non-analogous art. "Whether something legally within the prior art is analogous is a fact question. Two criteria are relevant in determining whether prior art is analogous: (1) whether the art is from the same field of endeavor, regardless of the problem addressed, and (2) if the art is not within the same field of endeavor, whether it is still reasonably pertinent to the particular problem to be solved." *Wang Lab. v. Toshiba Corp.*, 993 F.2d 858, 864 (Fed. Cir. 1992) (held that reference to a SIMM memory module for an industrial controller was not necessarily in the same field of endeavor as a DRAM memory module merely because both relate to memories). In the case at hand, a restaurant delivery service is not the same field of endeavor as e-commerce volume pricing. Additionally, "delivery lunch" is not reasonably pertinent to the particular problem to be solved because the hypothetical does not contemplate aggregating orders for a product, but rather relates only to the narrow situation in which several lunches are ordered together in a list. A Chinese restaurant that receives a single call for several courses, all to be delivered to the same office is not faced with the challenges presented to an e-commerce system that receives and aggregates orders for a product, and is therefore not reasonably pertinent.

In addition, "delivery lunch" is not properly combinable with either Pallakoff or Shavit because it would change the principle of operation and/or destroy the intended purpose in both cases. In particular, "delivery lunch" requires a single order/transaction from related actors (*i.e.*, employees at the same office). As such there is no need to "aggregate" orders, as the many courses are ordered as part of the same transaction. In contrast, Pallakoff is specifically directed toward aggregating orders, and both Shavit (*see* Abstract) and Pallakoff (*see* col. 1, ll. 45-48) expressly contemplate that the orders for a product come from independent buyers (*i.e.*, not from

related actors). That is, "delivery lunch" ***requires*** that the actors be related, whereas both Pallakoff and Shavit expressly exclude this requirement. Hence, combining "delivery lunch" would destroy the intended purposes of both Pallakoff and Shavit, and is therefore not properly combinable.

With reference to at least independent claim 43 and dependent claims 3 and 69, the Examiner substantially argues that since these claims are directed to a system, "physical" components are required (*see* Office Action, page 4), and that what is contained in memory carries no patentable weight (*see* Office Action, pages 10-11). As such, the Examiner's analysis provided with the rejection of several of the dependent claims relies on improper assumptions that very high level features disclosed in Pallakoff read upon very specific details recited in the subject claims because certain details need not be addressed such as when the claimed feature is not "physical." However, applicant's representative respectfully submits that the CAFC has held 1) a system or a component of a system need not be a "physical" structure (*See e.g., Eolas Techs., Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1338-39 (Fed. Cir. 2005)); and 2) that a machine (*e.g.*, memory) programmed in a certain new and unobvious way is physically different from the machine without that program; its memory elements are differently arranged. The fact that these physical changes are invisible to the eye should not tempt one to conclude that the machine has not been changed. *In re Lowry*, 32 F.3d 1579, 1583 (Fed. Cir. 1994). As such, the Examiner is not free to conjecture that Pallakoff reads on the claims merely because Pallakoff discloses a generic computer, generic memory, and/or some other generic physical component that is absent novel features recited in the claims.

Regarding at least claims 6, and 8-10, Pallakoff does not disclose or suggest ***a terms and conditions component that manages agreements between users of the system as to business terms and conditions***. The Examiner contends that such claimed aspects are disclosed by Pallakoff at col. 1, ll. 55-58 and col. 12, ll. 5-10. Applicant's representative respectfully disagrees with such a contention. In more detail, the cited passage at col. 1, ll. 55-58 relates to *conditional offers*. The cited passage at col. 12, ll. 5-10 establishes the definition of system operator and reads "The *term* 'system operator' as used herein does not necessarily refer to an individual. The *term* refers to..." While Pallakoff uses the words "term" and "condition" in its specification, the cited passages clearly do not relate to a terms and conditions component. Addressing claims 8-10, the Examiner substantially argues at page 8 of the Office Action that

claiming a relationship between products is non-functional descriptive material. To the contrary, the examiner has mischaracterized the language of the claim. ***A product relationships component that manages relationships between ... products*** is not nonfunctional descriptive matter (let alone descriptive matter *per se*), but rather, a feature of the structure recited. Moreover, the Examiner is reminded that even if it were characterized as descriptive matter, when functional descriptive material is recorded on some computer-readable medium it becomes structurally and functionally interrelated to the medium and will be statutory in most cases since use of technology permits the function of the descriptive material to be realized. Compare *In re Lowry*, 32 F.3d 1579, 158384, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994).

Referring to at least claims 2, 15, 17, 18, 59- 62, 68 and 69, the Examiner argues substantially that it is old and well-known to provide for certain features not recited in the references. In particular, it is old and well-known to comprise a product catalogue (*see* Office Action, pg. 7); it is old and well-known that customers' historical data/profiles have been widely used for selling products (*e.g.*, a Circuit City store example and a Best Buy example at page 8 of the Office Action); it is well-known to offer products with differing price schedules; and well-known to view price/order quantity on a web site. Applicants respectfully traverse the aforementioned well known statements and request that the Examiner cite a reference or references in support of this position pursuant to MPEP 2144.03 if the rejection of the claims is maintained. The Examiner is reminded that the standard for old and well-known concepts apply to the time of the invention. Moreover, the alleged old and well-known statements do not read upon the claimed subject matter in most if not all cases. For example, merely stating that Circuit City uses a customer's phone number to trace a consumer's history does not teach or suggest a *seller agent component* that utilizes historical data, but rather phone number data.

Moreover, claim 18 recites, ***the buyer agent component utilizes historical data to assist at least one of the plurality of buyers***.... At page 9 of the Office Action, the Examiner incorrectly argues this is merely an intent of use of the system. However, this assertion is also a mischaracterization because reciting capabilities of a component is not an intended use. In essence, the Examiner's analysis purports that the references disclose a buyer agent component, but a buyer agent component that cannot assist at least one of the plurality of buyers. Applicant's representative notes that if the buyer agent component of the Examiner's analysis cannot assist at least one of the plurality of buyers, then it is not the buyer agent component of

the subject claims, irrespective of how either one is used or intended to be used. Also at page 9, the Examiner alleges that claim 17 is rendered obvious in view of Pallakoff because the reference could provide information of a production schedule. Assuming *arguendo* such is the case Pallakoff still does not teach or suggest *the seller agent component determines a production schedule*... In particular, as found at page 5 of the Office Action, the Examiner regards both the seller agent component and the buyer agent component as terminals 12 and 14 of Pallakoff, respectively. Pallakoff does not teach or suggest that these terminals have any capabilities beyond displaying information to users. Hence, simple display terminals do not render obvious the subject components. That is, a terminal does not, *e.g.*, determine a production schedule, and as such does not read upon the instant claims.

With regard to claims 16 and 19, Pallakoff fails to teach or suggest an agent component that ***determines details that at least one of the plurality of sellers should include in an offer to achieve maximum profits*** and ***automatically creates an order for at least one of a plurality of products for at least one of the plurality of buyers*** as recited in dependent claims 16 and 19 respectively. The Examiner contends that such claimed aspects are disclosed at col. 11, ll. 44-46, at Fig. 1, ref. 93, and at Fig. 3, ref. 37. Applicant's representative respectfully disagrees. The cited passage at col. 11, ll. 44-46 relates to allowing a buyer to express a conditional interest in a product. The cited figures relate to a system controller (*see* Fig. 1, ref. 93—although Fig. 1 does not contain ref. 93, Applicant's representative believes the Examiner intended to identify Fig. 1, ref. 13) and a methodology for accepting an offer (*see* Fig. 3, ref. 37). Thus, while Pallakoff discloses the ability to buy and sell products on the Internet and express conditional product interest, nowhere does it disclose the novel functionality to improve the shopping process as recited by the subject claims. Accordingly, the rejection should be withdrawn.

In view of at least the foregoing, it is readily apparent (as the Examiner concedes) that Pallakoff is materially deficient to teach or suggest ***a logistics component that determines a shipping price for the product*** ... the ***shipping price being determined based at least in part upon the subset of buyers sharing a shipping method***. Furthermore, both Shavit and the "delivery lunch" hypothetical are materially deficient as well. Rather, both Shavit and "delivery lunch," at most, stands for the proposition that freight costs can be shared, which is not sufficient to teach or suggest all the claimed features absent in Pallakoff. Thus, the combination of Pallakoff with Shavit and/or "delivery lunch" does not teach or suggest every claim feature.

Accordingly, this rejection of independent claims 1 and 43, as well as all claims that depend there from, should be withdrawn.

CONCLUSION

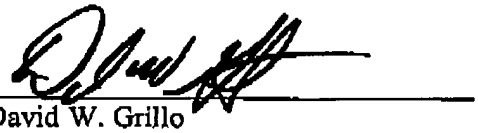
The present application is believed to be in condition for allowance in view of the above comments and amendments. A prompt action to such end is earnestly solicited.

In the event any fees are due in connection with this document, the Commissioner is authorized to charge those fees to Deposit Account No. 50-1063 [GEDP101USE].

Should the Examiner believe a telephone interview would be helpful to expedite favorable prosecution, the Examiner is invited to contact applicant's undersigned representative at the telephone number below.

Respectfully submitted,

AMIN, TUROCY & CALVIN, LLP



David W. Grillo
Reg. No. 52,970

AMIN, TUROCY & CALVIN, LLP
24TH Floor, National City Center
1900 E. 9TH Street
Cleveland, Ohio 44114
Telephone (216) 696-8730
Facsimile (216) 696-8731